

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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NIAGARA FRONTIER HOCKEY, L.P., <u>ET AL.</u> ,	:	Case No. 03- <u>10210 K</u>
	:	
Debtors.	:	Jointly Administered
	:	(Case Nos. 03-10210 K
-----	X	through 03-10219 K)

**INTERIM ORDER APPROVING USE OF CASH COLLATERAL PURSUANT TO
SECTIONS 105(a) AND 363 OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULES 2002, 4001 AND 9014**

Niagara Frontier Hockey, L.P. ("Niagara" or the "Borrower"), Buffalo Sabres Concession, LLC ("Concession"), Buffalo Lacrosse LLC ("Lacrosse"), The Aud Club, Inc. ("Aud"), Buffalo Sabres, Inc. ("BSI"), Niagara Frontier Broadcasting Partnership ("NFBP"), Sabreland Partnership ("Sabreland"), Western New York Hockey Club Partnership ("Hockey Club"), Crossroads Arena LLC ("Arena"), and Arena, Inc. ("AI" and together with Concession, Lacrosse, Aud, BSI, NFBP, Sabreland, Hockey Club and Arena, each a "Guarantor" and, collectively, the "Guarantors"), as debtors and debtors-in-possession herein (each a "Debtor" and collectively, the "Debtors" or the "Loan Parties"), having moved on January ¹¹~~13~~, 2003 (the "Motion")¹ for one or more orders authorizing them to use collateral, including cash collateral, in which Adelphia Communication Corp. and its affiliated debtors and debtors-in-possession (collectively, the "Adelphia Entities") and Fleet National Bank, N.A. (in its capacity as agent for itself and Key Bank National Association, "Fleet") may have an interest, to incur post-petition secured indebtedness, to grant security interests and superpriority claims pursuant to sections

¹ Any terms not defined herein shall have the meanings ascribed in the Motion and the Interim DIP Order.

105(a) and 364(c) and (d) of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code") and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and having requested, among other things, that:

(a) the Court authorize the Debtors to use the cash collateral in which the Adelphia Entities and Fleet have an interest; and

(b) the Court conduct a hearing on January ^{11/11}14 2003 (the "Interim Hearing") to consider approval on an interim basis of the post-petition financing pursuant to the DIP Loan Documents and authorizing the Debtors to obtain, on an interim basis, Loans thereunder in an amount of up to \$10,000,000;

(c) the Court find that, pursuant to Bankruptcy Rule 4001(c)(1), that notice of the Interim Hearing has been given to (i) the United States Trustee for the Western District of New York (the "U.S. Trustee"), (ii) counsel for the Lenders, (iii) counsel for the Adelphia Entities, (iv) counsel for Fleet, (v) counsel for the National Hockey League, (vi) any known secured creditors of record and their counsel, if known, (vii) the twenty largest unsecured creditors of the Debtors, and (viii) any other parties requesting such notice (collectively, the "Notice Parties"); and

(d) the Court schedule, pursuant to Bankruptcy Rule 4001, a hearing (the "Final Hearing") to consider entry of a final order (the "Final Order") authorizing the Debtors to obtain, on a final basis, Loans under the DIP Loan Documents in an amount of up to \$25,000,000;

And based upon all of the pleadings filed with the Court; and the entire record herein; and after due deliberation and consideration, and sufficient cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:²

1. Disposition. The Motion is granted as to the use of Cash Collateral on an interim basis. Any objections to the Motion that have not previously been resolved or withdrawn are hereby overruled on their merits. This Interim Cash Collateral Order shall be valid, binding on all parties-in-interest and fully effective immediately upon entry. The term of this Interim Cash Collateral Order authorized hereunder shall expire, thirty (30) days from the date of entry of this Interim Cash Collateral Order.

2. Jurisdiction; Venue. The Court has jurisdiction over the Chapter 11 Cases, the parties, and the Debtors' property pursuant to 28 U.S.C. §1334. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(D). Venue of the Chapter 11 Cases and the Motion is proper under 28 U.S.C. §§ 1408 and 1409.

3. Purpose and Necessity of Use of Cash Collateral. The Debtors require the use of cash collateral described in the Motion to fund, among other things, the Debtors' cash requirements for working capital and general corporate needs for the 30-day period commencing on the date hereof.

4. Good Cause. The Debtors' ability to obtain sufficient working capital and liquidity through the use of Cash Collateral is vital to the Debtors' estates and their creditors, so that the Debtors can continue to operate their businesses in the ordinary course. The preservation of the going concern value of the Debtors' businesses is the linchpin to any successful reorganization. The Debtors' estates will be immediately and irreparably harmed if this Interim

² Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact, pursuant to Bankruptcy Rule 7052.

Cash Collateral Order is not entered. Good cause thus has been shown for the interim relief sought in the Motion.

5. Consent to Use of Cash Collateral. The Adelphia Entities have consented to the use of their cash collateral, as set forth in that certain Subordination Consent (the "Subordination Consent") delivered by the Adelphia Entities to the Lenders, which shall be approved by order of the United States Bankruptcy Court for the Southern District of New York (the "Southern District Order"). No determination is made herein that, absent the consent contained in the Subordination Consent, use of the cash collateral in which the Adelphia Entities have an interest could be granted pursuant to section 364(d) of the Bankruptcy Code.

6. Adequate Protection. As adequate protection for the use of cash collateral by the Debtors in which the Adelphia Entities and Fleet: (i) the Adelphia Entities shall be granted superpriority administrative claims, as contemplated by section 507(b) of the Bankruptcy Code, junior only to the Superpriority Claim (as defined by paragraph 13 of the Interim DIP Order) under section 364(c)(1) of the Bankruptcy Code held by the Lenders, subject to the carve out for Limited Priority Professional Expenses and UST/Clerk Fees; (ii) the Adelphia Entities shall be granted replacement liens on any collateral in which the Adelphia Entities have an interest to the extent that such collateral is encumbered by the first priority liens of the Lenders, which liens shall be junior only to the first priority liens of the Lenders, subject to the carve out for Permitted Priority Liens; (iii) Fleet shall be granted a superpriority administrative claim, as contemplated by section 507(b) of the Bankruptcy Code, junior only to the Superpriority Claim (as defined in paragraph 13 of the Interim DIP order) under section 364(c)(1) of the Bankruptcy Code held by the Lenders, subject to the carve out for Limited Priority Professional Expenses and UST/Clerk Fees; (iv) Fleet shall be granted replacement liens on the collateral in which Fleet

has an interest encumbered by the first priority liens of the Lenders, which liens shall be junior only to the first priority liens of the Lenders, subject to the priority of Fleet as set forth in the definition of Permitted Priority Liens in Section 1.01 of the DIP Loan Agreement; and (v) Fleet shall receive regularly scheduled payments of principal and interest, to the extent available from funds paid to Concession by Sportservice LLC (to the extent the funds paid to Concession by Sportservice LLC are insufficient to make such principal and interest payments, the obligation to make such payments shall be accrued and such payments shall be made to the Fleet in connection with the guaranteed minimum rent payment due from Sportservice LLC in August, 2003) with respect to the Concession Loan; ~~provided, however, no adequate protection payments authorized by this clause (v) shall be made prior to entry by this Court of the Final Order.~~ The adequate protection granted to Fleet and the Adelphia Entities pursuant to this Interim Cash Collateral Order shall continue in this and in any superseding case or cases for the Debtors under any chapter of the Bankruptcy Code.

7. Additional Perfection Measures. The liens, security interests, and priorities granted to Adelphia and Fleet pursuant to this Interim Cash Collateral Order with respect to property of the Debtors' estates shall be perfected by operation of law immediately upon entry of this Interim Cash Collateral Order by the Court. The Debtors, Adelphia and Fleet shall not be required to enter into or to obtain landlord waivers, mortgagee waivers, bailee waivers or warehouseman waivers or to file or record financing statements, mortgages, deeds of trust, leasehold mortgages, notices of lien or similar instruments in any jurisdiction (including, trademark, copyright, tradename or patent assignment filings with the United States Patent and Trademark Office, Copyright Office, or any similar agency with respect to intellectual property), or obtain consents from any licensor or similarly situated party-in-interest, or take any other

action in order to validate and to perfect the security interests and liens granted to Adelphia and Fleet pursuant to this Interim Cash Collateral Order. If Adelphia and Fleet, in their sole discretion, may choose to obtain consents from any licensor or similarly situated party-in-interest, to file financing statements, notices of lien or similar instruments, or to otherwise confirm perfection of such security interests and liens: (a) all such documents shall be deemed to have been recorded and filed as of the time and on the date of entry of this Interim Cash Collateral Order; and (b) no defect in any such act shall affect or impair the validity, perfection and enforceability of the liens granted hereunder. In lieu of obtaining such consents or filing such financing statements, notices of lien or similar instruments, Adelphia and Fleet, at their sole discretion, choose to file a true and complete copy of this Interim Cash Collateral Order in any place at which any such instruments would or could be filed, together with a description of Collateral located within the geographic area covered by such place of filing, and such filing by Adelphia and/or Fleet shall have the same effect as if such financing statements, notices of lien or similar instruments had been filed or recorded at the time and on the date of entry of this Interim Cash Collateral Order.

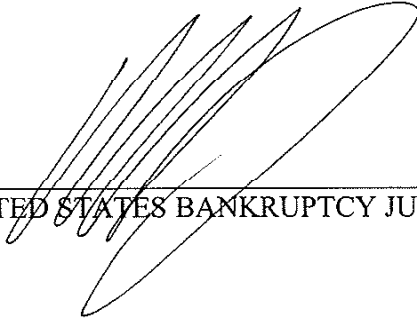
8. Priority of Terms. To the extent of any conflict between or among (a) the express terms or provisions of the Motion, or any other agreements, on the one hand, and (b) the terms and provisions of this Interim Cash Collateral Order, on the other hand, unless such term or provision herein is phrased in terms of “as defined in” or “as more fully described in” the Motion, the terms and provisions of this Interim Cash Collateral Order shall govern.

9. Adequate Notice. The Debtors shall promptly mail copies of this Interim Cash Collateral Order and notice of the Interim Hearing to the Notice Parties. Any objection to the relief sought at the Interim Hearing shall be made in writing setting forth with particularity

the grounds thereof, and filed with the Court and served so as to be actually received prior to the Interim Hearing by the following: (a) counsel to the Debtors, Nixon Peabody LLP, 1300 Clinton Square, Rochester, New York 14604 (Attn: William S. Thomas, Jr., Esq.), (b) counsel to the National Hockey League, Phillips, Lytle, Hitchcock, Blaine & Huber LLP, 3400 HSBC Center, Buffalo, New York 14203-2887 (Attn: William J. Brown, Esq.), (c) counsel to the Lenders, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Lawrence V. Gelber, Esq.), (d) counsel to the Adelpia Entities, Willkie Farr & Gallagher, 787 Seventh Avenue, New York, New York 10019 (Attn: Marc Abrams, Esq.); and (e) counsel to Fleet, Bingham McCutchen LLP, 150 Federal Street, Boston, Massachusetts 02110 (Attn: Jonathan K. Bernstein, Esq.).

10. Entry of Order; Effect. This Interim Cash Collateral Order shall take effect immediately upon execution hereof, notwithstanding the possible application of Fed. R. Bankr. P. 6004(g), 7062, 9014, or otherwise, and the Clerk of the Court is hereby directed to enter this Interim Cash Collateral Order on the Court's docket in these Chapter 11 Cases.

Dated: Buffalo, New York
January 14, 2003



UNITED STATES BANKRUPTCY JUDGE